

Far East Consortium International Limited

Riding through the Storm, Property Sales offer the Silver Lining

While we expect challenges in FEC's hotel business will remain into FY21E amid COVID-19, the property development business will drive the company's earnings recovery. We believe the near term negatives are already factored into the deeply discounted valuations, and the stock currently offers an attractive 7.5% div yield. Maintain Buy.

COVID-19 negative impact priced in, property sales to lead recovery

Following the 36% YTD decline in share price, FEC is now trading at a deep 64% disc. to NAV and 6.0x FY21E P/E. We believe the deeply discounted valuations reflect that market has already factored in the earnings disappointment brought by the impact of COVID-19 and 2019 HK social unrest. Looking ahead, we believe FEC's overseas property development business will be the key driver for FY2021E-2023E earnings recovery. We expect property development revenues to grow at a 37% FY2020-2023E CAGR, driving our net profit to achieve a ~31% 3-year CAGR. We expect the Hotel business will take time to recover and FY2021E will remain challenging amid the travel restrictions still in place.

Core Net Profit declined 42% YoY amid HK social unrest and COVID-19

FEC's FY2020 core net profit came in 13% below our expectations at HK\$842m (down 42% YoY), amidst the impact from the HK social unrest and COVID-19 during the fiscal year. Revenues grew to a record high of HK\$7.4bn, up 9% YoY. GP Margins declined to 30.3% (FY19: 38.1%) amid a 26% YoY decline in Hotel revenues and lack of high-margin China project recognition during FY20. Net Debt to Equity (adjusted for Hotels revaluation) has risen slightly to 57% (FY19: 45%). DPS has seen a YoY decline to HK\$0.19/sh (FY19: HK\$0.22/sh).

Historical low global interest rates will support property dev sales

FEC's property assets in UK and Australia are mostly prime located mixed-used property development projects, which we believe will be a key beneficiary of the historical low interest rate environment. As seen with the strong recovery in equity and bond markets, we believe it reflects global investors' appetite for core assets. This can also be seen in the well-received launches of Queens Wharf Residences Brisbane (HK\$1bn pre-sales) and Aspen at Consort Place (HK\$604m pre-sales) during 1Q20 despite COVID-19. The developer has already achieved HK\$12.2bn of unrecognized pre-sales, representing 194% of our FY2021E property development revenues.

In discussion to take a 70% stake in EH REIT Manager

As per company announcement, FEC are in discussion to take a 70% stake in EH REIT Manager, the manager of Eagle Hospitality REIT, which is listed on SGX with 18 US hospitality assets. The previously proposed REIT Spin-Off plan is currently slowed down and will be subject to the outcome of the discussions with EH REIT. Amid the ongoing impact from COVID-19, we believe FEC's hotel business will remain challenging into FY2021E and we estimate that revenues will only fully recover in FY2022E to pre-COVID-19 levels and achieve HK\$1.9bn in revenues.

Stock offering 7.5% div yield, at 6.0x FY21E P/E

We have lowered our FY21E-22E earnings forecast by 9-22% to factor in the challenges from the COVID-19 on hotel sector. As a result, our new SOTP NAV is at HK\$6.96/sh (Old: HK\$7.02/sh) and our latest TP of HK\$4.18/sh (Old: HK\$4.21/sh) is based on an unchanged 40% disc. to NAV.

Stock code: 0035.HK

Rating: Buy

Price target (HK\$)	4.18
Previous Price Target (HK\$)	4.21
Current price (HK\$, 30 June 2020)	2.53
Upside/downside %	65%
Market cap (HK\$ m)	5,947
Market cap (US\$ m)	767
Avg daily turnover (US\$ m)	0.43

Source: Bloomberg, AMTD Research

Key forecasts

(HKm)	FY20	FY21e	FY22e	FY23e
Revenue	7,451	8,900	13,525	16,157
yoy %	8.9%	19.5%	52.0%	19.5%
Gross Profit	2,259	2,648	4,532	5,778
yoy %	-13.4%	17.2%	71.1%	27.5%
Core Net Profit	842	1,003	1,451	1,894
yoy %	-42.2%	19.1%	44.7%	30.6%
Gross margin	30.3%	29.8%	33.5%	35.8%
Net gearing*	56.7%	60.1%	62.5%	55.0%
EPS	0.36	0.42	0.61	0.80
DPS	0.19	0.22	0.24	0.28
BPS	4.71	4.72	4.89	5.19

Source: Company data, AMTD Research

*Hotel Portfolio Revalued to Market Value

Valuation

	FY20	FY21e	FY22e	FY23e
P/E	7.1	6.0	4.1	3.2
P/BV	0.5	0.5	0.5	0.5
Div. yield	7.5%	8.7%	9.7%	11.1%
ROE	7.6%	9.0%	12.5%	15.4%
ROA	1.3%	2.0%	2.8%	3.6%

Source: Bloomberg, AMTD Research

Share price performance



Source: Bloomberg

Jacky Chan
 Analyst

+852 3163 3323

jacky.chan@amtdgroup.com
Karen Huang
 Associate

+852 3163 3376

karen.huang@amtdgroup.com

Financial Analysis

Figure 1: Far East Consortium Financial Forecasts and key ratios

PnL, HKD mn	FY2019	FY2020	FY2021e	FY2022e	FY2023e	Balance Sheet, HKD mn	FY2019	FY2020	FY2021e	FY2022e	FY2023e
Revenue	6,842	7,451	8,900	13,525	16,157	Investment Properties	5,426	7,243	9,411	11,465	11,465
COGS	(4,233)	(5,191)	(6,252)	(8,994)	(10,378)	Interest in JV/Asso	-	-	-	-	-
Gross Profit	2,610	2,259	2,648	4,532	5,778	PP&E and Others	13,693	14,492	14,194	13,975	13,267
Selling and marketing exp	(166)	(194)	(178)	(271)	(323)	Non-current assets	19,119	21,735	23,605	25,440	24,732
General and admin exp	(827)	(851)	(1,021)	(1,634)	(2,125)	PUD & Held for Sale	12,451	11,950	11,146	11,159	11,170
Share of results of JV & Asso	18	(11)	-	-	-	Deposits and prepayments	468	379	379	379	379
Reval Gains from Inv Prop	-	-	-	-	-	Cash & Cash Equivalents	2,471	2,912	3,238	4,193	6,085
Others	1,045	103	300	300	300	Others	4,570	4,804	4,804	4,804	4,804
Net Finance costs	(368)	(468)	(562)	(675)	(809)	Current assets	19,959	20,045	19,567	20,535	22,439
Profit before tax	2,312	837	1,186	2,252	2,821	Total Assets	39,078	41,780	43,172	45,975	47,171
Income tax expense	(544)	(286)	(320)	(967)	(1,120)	Contract Liabilities	974	311	311	311	311
Net profit	1,769	551	866	1,285	1,701	Bank and Other Borrowings	4,236	6,506	6,506	6,506	6,506
Shareholders' Profit	1,714	381	576	986	1,392	Trade and Other Payables	1,532	1,265	1,518	1,821	2,185
Minority Interest	55	77	85	93	103	Others	357	852	852	852	852
Perpetual Securities Distributio	-	93	206	206	206	Current liabilities	7,099	8,933	9,186	9,489	9,854
Shareholders' Core Net Profit	1,457	842	1,003	1,451	1,894	Bank and Other Borrowings	17,112	16,954	17,954	19,954	19,954
Core EPS - Basic (HKD)	0.64	0.36	0.42	0.61	0.80	Others	1,235	1,579	1,579	1,579	1,579
DPS - basic (HKD)	0.22	0.19	0.22	0.24	0.28	Non-current liabilities	18,347	18,533	19,533	21,533	21,533
						Capital and reserves	13,413	11,119	11,173	11,579	12,308
						Shareholders' equity	13,413	11,119	11,173	11,579	12,308
						Non-controlling interests & Perp	219	3,195	3,280	3,373	3,476
						Total equity	13,632	14,314	14,453	14,952	15,784
						Total Liabilities and Equity	39,078	41,780	43,172	45,975	47,171

Cash Flow Statement, HKD m	FY2019	FY2020	FY2021e	FY2022e	FY2023e	Key Ratios	FY2019	FY2020	FY2021e	FY2022e	FY2023e
Profit before income tax	2,312	837	1,186	2,252	2,821	GP Margins	38%	30%	30%	34%	36%
Operating CF before Working	2,113	837	1,186	2,252	2,821	Net Margins	26%	7%	10%	10%	11%
PUD	(2,897)	501	804	(13)	(11)	Core Attri Net Margins	21%	11%	11%	11%	12%
Deposits & Prepayments	435	-	-	-	-	ROE	11%	8%	9%	13%	15%
Trade & Other Payables	(231)	(267)	253	304	364	ROA	5%	1%	2%	3%	4%
Increase in contract liabilities	(546)	(664)	-	-	-	Net Debt / Total Equity	113%	125%	128%	131%	112%
Others	(504)	(286)	(320)	(967)	(1,120)	Net Debt to Equity (Perp as Debt)	113%	182%	185%	186%	160%
Net Operating Cashflows	(1,630)	121	1,923	1,576	2,054	Net Debt / Total Equity (Hotel Revalued)	45%	57%	60%	62%	55%
Net Investing Cashflows	(2,567)	(3,288)	(2,075)	(2,041)	502	Total Assets / Total Equity	287%	292%	299%	307%	299%
Bank & Other Borrowings	11,931	2,112	1,000	2,000	-	Total Assets / Shareholders' Equity	291%	376%	386%	397%	383%
Others	(8,267)	2,390	(521)	(580)	(663)						
Net Financing Cashflows	3,664	4,501	479	1,420	(663)						
Net Cash Flows	(532)	1,335	326	955	1,893						

Source: Company Data, AMTD Research

FY20 Results

Figure 2: Far East Consortium FY20 Results

FY20 Results (HK\$ '000)	FY20A	FY19A	YoY	FY20E	Diff
Property development	4,835	3,811	27%	4,572	6%
Hotel	1,346	1,818	-26%	1,167	15%
Car park	760	720	5%	720	5%
Property investment	66	64	3%	79	-16%
Gaming operations	271	259	5%	259	5%
Others	173	170	2%	130	33%
Total Revenue	7,451	6,842	9%	6,927	8%
Cost of sales and services	(4,742)	(3,836)	24%	(4,197)	13%
Depreciation and amortisation of hotel and car park assets	(449)	(397)	13%	(738)	-39%
Gross profit	2,259	2,610	-13%	1,992	13%
Other income	143	66	117%	-	NA
Other gains and losses	(16)	979	-102%	300	-105%
Administrative expenses	(851)	(827)	3%	(827)	3%
Pre-operating expenses	(28)	(2)	1691%	-	NA
Selling and marketing expenses	(194)	(166)	17%	(104)	86%
EBIT	1,314	2,660	-51%	1,361	-3%
Share of results of associates	(11)	18	-165%	-	NA
Share of results of joint ventures	3	2	36%	-	NA
Finance costs	(468)	(368)	27%	(350)	34%
Profit before tax	837	2,312	-64%	1,011	-17%
Income tax expense	(286)	(544)	-47%	(273)	5%
Profit for the year	551	1,769	-69%	738	-25%
Minority interest	87	55	57%	77	12%
Distribution to Perpetual Securities	99	-	NA	93	6%
Attributable net profit	366	1,714	-79%	568	-36%
Core net profit	842	1,457	-42%	972	-13%
Key Ratios					
Gross margin ex. Depreciation	36.4%	43.9%		39.4%	
Gross margin	30.3%	38.1%		28.8%	
Core Net Margins	11.3%	21.3%		14.0%	
	FY20A	1HFY20		FY20E	
Gearing ratio ex. Hotel revaluation gains (x)	161%	94%		135%	
Gearing ratio (x)	57%	44%		58%	
Total Assets to Total Equity	2.92	2.69		2.55	

Source: Company Data, AMTD Research

Operational Data

Figure 3: Project Development Pipeline, with a total of ~HK\$51.6bn of attrib. GDV

Projects under presales As at 31.3.2020		Location	Cumulative presale(HK\$ mn)	Expected attri. SFA(sq.ft.)	Expected attri. GDV(HK\$ mn)	Expected Completion	Cumulative presale as % of GDV
1	West Side Place(Towers 1 and 2)	Melbourne	4,286	1,078,000	4,555	FY2021	94%
2	West Side Place(Towers 3)	Melbourne	2,033	518,000	2,162	FY2023	94%
3	West Side Place(Towers 4)	Melbourne	2,149	621,000	2,571	FY2023	84%
4	The Star Residences(Tower 1)	Gold Coast	378	98,000	430	FY2023	88%
5	The Star Residences– Epsilon(Tower 2)	Gold Coast	269	109,000	501	FY2024	54%
6	Perth Hub	Perth	351	230,000	744	FY2022	47%
7	Queen's Wharf Tower 4	Brisbane	1,007	253,000	1,406	FY2024	72%
8	Artra	Singapore	366	9,000	459	FY2021	80%
9	Cuscaden Reserve	Singapore	7	19,000	350	FY2023	2%
10	MeadowSide (Plots 2 and 3)	Manchester	389	220,000	885	FY2022	44%
11	MeadowSide (Plots 5)	Manchester	129	99,000	383	FY2021	34%
12	Hornsey Town Hall	London	198	108,000	906	FY2022	22%
13	Aspen at Consort Place	London	604	390,000	3,969	FY2024	15%
14	Dorsett Place Waterfront Subang	Subang Jaya	72	525,000	965	FY2024	8%
Subtotal(Total presale value)			12,238	4,277,000	20,286		60%
Other active development pipeline		Location	Expected presale launch	Expected attri. SFA(sq.ft.)	Expected attri. GDV(HK\$ mn)	Expected Completion	
15	Bourke	Melbourne	FY2021	590,000	2,562	FY2025	
16	The Star Residences(Tower 3 to 5)	Gold Coast	Planning	374,000	1,591	Planning	
17	Queen's Wharf(Tower 5)	Brisbane	Planning	269,000	1,496	Planning	
18	Queen's Wharf(Tower 6)	Brisbane	Planning	269,000	1,496	Planning	
19	Holland Road	Singapore	FY2021	192,000	2,984	FY2023	
20	MeadowSide(Plot 4)	Manchester	Planning	238,000	1,062	Planning	
21	Northern Gateway-New Cross Central	Manchester	FY2021	62,000	241	FY2022	
22	Northern Gateway-Victoria Riverside	Manchester	FY2021	396,000	1,422	FY2024	
23	Northern Gateway-Network Rail	Manchester	Planning	1,532,000	5,498	Planning	
24	Northern Gateway-Others	Manchester	Planning	1,202,000	4,201	Planning	
25	Ensign House	London	Planning	253,000	2,360	Planning	
26	Shatin Heights	Hong Kong	FY2021	84,000	1,671	FY2021	
Subtotal(Total pipeline)				5,461,000	26,584		
Total(presale+pipeline)				9,738,000	46,870		
Completed development available for sale		Location		Expected attri. SFA(sq.ft.)	Expected attri. GDV(HK\$ mn)		
1	King's Manor(Highrise)	Shanghai		3,000	9		
2	King's Manor(Townhouse)	Shanghai		41,000	243		
3	Royal Crest II(Townhouse)	Shanghai		51,000	310		
4	District 17A	Shanghai		18,000	94		
5	Royal Riverside(Towers 1, 2&4)	Guangzhou		35,000	121		
6	Royal Riverside(Towers 3)	Guangzhou		40,000	139		
7	Royal Riverside(Towers 5)	Guangzhou		162,000	574		
8	Marin Point	Hong Kong		71,000	744		
9	Manor Parc	Hong Kong		50,000	641		
10	The Garrison	Hong Kong		1,000	31		
11	Others-HK Projects	Hong Kong		1,000	36		
12	Dorsett Bukit Bintang	Kuala Lumpur		28,000	125		
13	21 Anderson Road	Singapore		86,000	1,061		
14	The Towers at Elizabeth Quay	Perth		98,000	647		
Subtotal(Completed development)				685,000	4,775		
Total (Pre-sales + Pipeline + Inventory) as at 31.3.2020				10,423,000	51,645		

Source: Company Data, AMTD Research

Figure 4: Hotel Operation Performance

Dorsett Group	FY2020	FY2019	YoY Change
Hong Kong			
Occupancy rate	70.8%	95.3%	-24.5ppts
Average room rate(HK\$)	578	802	-27.9%
RevPAR(HK\$)	409	764	-46.5%
Malaysia			
Occupancy rate	65.6%	74.7%	-9.1ppts
Average room rate(MYR)	197	194	1.5%
RevPAR(MYR)	129	145	-11.0%
Mainland China			
Occupancy rate	55.7%	72.6%	-16.9ppts
Average room rate(RMB)	389	398	-2.3%
RevPAR(RMB)	217	289	-24.9%
Singapore			
Occupancy rate	76.0%	82.0%	-6.0ppts
Average room rate(SGD)	174	173	0.6%
RevPAR(SGD)	133	142	-6.3%
United Kingdom			
Occupancy rate	74.3%	82.3%	-8.0ppts
Average room rate(GBP)	129	118	9.3%
RevPAR(GBP)	96	97	-1.0%
Australia			
Occupancy rate	61.0%	NA	NA
Average room rate(AUD)	354	NA	NA
RevPAR(AUD)	216	NA	NA
Dorsett Group Total			
Occupancy rate	67.0%	82.4%	-17.2ppts
Average room rate(HK\$)	607	709	-14.4%
RevPAR(HK\$)	406	597	-32.0%
Revenue(HK\$ mn)	1,224	1,685	-27.3%
TWC Group			
	FY2020	11 months ended 31.3.2019	
Occupancy rate	58.8%	57.1%	
Average room rate(HK\$)	634	600	5.7%
RevPAR(HK\$)	373	343	8.7%
Revenue(HK\$ mn)	121	133	-9.0%
Total Revenue From Hotel Operations	1,345	1,818	-26.0%

Source: Company Data, AMTD Research

Figure 5: FEC has limited liquidity risk, with abundant sources of funding available

Liquidities		HK\$ mn
Liquidity position		6,067
Undrawn banking facilities- Corporate use		3,100
Undrawn banking facilities- Construction Development		2,900
Total Liquidities(excluding cashflow from presales)		12,067
Market value of assets as at 31.3.2020		
	Number	HK\$ mn
Unencumbered hotel assets	7	4,161
Unsold residential inventory		4,775
Application of funds		HK\$ mn
Hotel development		1,187
Queen's Wharf Brisbane		424
The Star Residences		64
Land replenishment		655
Other capital commitments		111
Total		2,441

Source: Company Data, AMTD Research

Valuation & Risks

Figure 6: What's Changed: We lower our Net Profit Forecasts by ~9-22% and NAV by~1%

(HKDm)	New	Old	Change
FY21E Net Profit	1,003	1,286	-22%
FY22E Net Profit	1,451	1,598	-9%
FY23E Net Profit	1,894	NA	NA
NAV	6.96	7.02	-1%
Target Price	4.18	4.21	-1%

Source: AMTD Research Estimates

Figure 7: FEC SOTP Valuation

HK\$ m	FY21 NAV	NAV per share (HK\$)	Key Assumption
Property development	13,938	6.23	
Hotel	14,435	6.45	16x EV/EBITDA
Car parks	1,128	0.50	15x PE
Property investment	445	0.20	
The Star	606	0.27	Market value
TWC	400	0.18	10x EV/EBITDA
SOTP Valuation (FY21)	30,953	13.83	
Net debt	(15,373)	(6.87)	
Net Asset Value (FY21)	15,580	6.96	
Discount		40%	
Price target (FY21)		4.18	
Current share price (HK\$, 30 June 2020)		2.53	
Implied upside		65%	

Source: Company Data, AMTD Research Estimates

Figure 8: Peers Valuation comparison (As of 30th June, 2020)

Date	30/6/2020	Share Price	Mkt cap	P/E			P/B			Div. yield
Ticker	Name (EN)	(HK\$)	(USD mn)	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20
HK Property Developers										
16 HK	SHK Properties	98.95	36,996	8.6x	8.2x	8.2x	0.5x	0.5x	0.5x	5.2%
1113 HK	CK Asset	46.20	22,016	8.4x	7.2x	7.2x	0.5x	0.5x	0.4x	4.6%
12 HK	Henderson Land	29.40	18,365	9.1x	9.8x	8.8x	0.4x	0.4x	0.4x	6.2%
17 HK	NWD*	35.21	12,103	11.0x	10.7x	8.9x	0.4x	0.4x	0.4x	5.9%
83 HK	Sino Land	9.75	8,863	7.0x	7.7x	7.7x	0.4x	0.4x	0.4x	6.3%
683 HK	Kerry Properties	20.00	3,758	7.0x	6.4x	5.7x	0.3x	0.3x	0.3x	6.8%
35 HK	Far East*	2.53	767	7.1x	6.0x	4.1x	0.5x	0.5x	0.5x	7.5%
Total/Average			102,868	8.3x	8.0x	7.2x	0.4x	0.4x	0.4x	6.1%

Source: Bloomberg Estimates, *AMTD Research Estimates

Note: Apart from FEC, all other comparable companies' FY20 P/E, P/B and dividend yield are estimates (due to FEC adopting March year-end)

Key Risks

Key risks for the stock include (1) pro-longed economic impact by COVID-19, including travel restriction and lock-down measures; (2) unexpected tightening in monetary policy; (3) Slower than expected property sales in UK and Australia.

IMPORTANT DISCLOSURES

AMTD Investment Ratings

Stock Rating

Buy	Stock with potential return of over 20% over the next 12 months
Hold	Stock with potential return of -20% to +20% over the next 12 months
Sell	Stock with potential loss of over 20% over the next 12 months

Analyst Certification

We, Jacky Chan and Karen Huang, hereby certify that (i) all of the views expressed in this research report reflect accurately our personal views about the subject company or companies and its or their securities; and (ii) no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed by us in this research report, nor is it tied to any specific investment banking transactions performed by AMTD Global Markets Limited.

Firm Disclosure

AMTD Global Markets Limited has an investment banking relationship with Far East Consortium International Limited and/or their affiliate(s) within the past 12 months.

AMTD Global Markets Limited

Address: 23/F - 25/F, Nexus Building, No. 41 Connaught Road Central, Central, Hong Kong

Tel: (852) 3163-3288 **Fax:** (852) 3163-3289

GENERAL DISCLOSURES

The research report is prepared by AMTD Global Markets Limited ("AMTD") and is distributed to its selected clients.

This research report provides general information only and is not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such offer or solicitation would be illegal. It does not (i) constitute a personal advice or recommendation, including but not limited to accounting, legal or tax advice, or investment recommendations; or (ii) take into account any specific clients' particular needs, investment objectives and financial situation. AMTD does not act as an adviser and it accepts no fiduciary responsibility or liability for any financial or other consequences. This research report should not be taken in substitution for judgment to be exercised by clients. Clients should consider if any information, advice or recommendation in this research report is suitable for their particular circumstances and seek legal or professional advice, if appropriate.

This research report is based on information from sources that we considered reliable. We do not warrant its completeness or accuracy except with respect to any disclosures relative to AMTD and/or its affiliates. The value or price of investments referred to in this research report and the return from them may fluctuate. Past performance is not reliable indicator to future performance. Future returns are not guaranteed and a loss of original capital may occur.

The facts, estimates, opinions, forecasts and any other information contained in the research report are as of the date hereof and are subject to change without prior notification. AMTD, its group companies, or any of its or their directors or employees ("AMTD Group") do not represent or warrant, expressly or impliedly, that the information contained in the research report is correct, accurate or complete and it should not be relied upon. AMTD Group will accept no responsibilities or liabilities whatsoever for any use of or reliance upon the research report and its contents.

This research report may contain information from third parties, such as credit ratings from credit ratings agencies. The reproduction and redistribution of the third party content in any form by any means is forbidden except with prior written consent from the relevant third party. Third party content providers do not guarantee the timeliness, completeness, accuracy or availability of any information. They are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability of fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes, and should not be relied on as investment advice.

To the extent allowed by relevant and applicable law and/or regulation: (i) AMTD, and/or its directors and employees may deal as principal or agent, or buy or sell, or have long or short positions in, the securities or other instruments based thereon, of issuers or securities mentioned herein; (ii) AMTD may take part or make investment in financing transactions with, or provide other services to or solicit business from issuer(s) of the securities mentioned in the research report; (iii) AMTD may make a market in the securities in respect of the issuer mentioned in the research report; (iv) AMTD may have served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this research report or may be providing, or have provided within the previous 12 months, other investment banking services, or investment services in relation to the investment concerned or a related investment.

AMTD controls information flow and manages conflicts of interest through its compliance policies and procedures (such as, Chinese Wall maintenance and staff dealing monitoring).

The research report is strictly confidential to the recipient. No part of this research report may be reproduced or redistributed in any form by any means to any other person without the prior written consent of AMTD Global Markets Limited.